

**REPORT OF THE US SECURITIES AND EXCHANGE COMMISSION (SEC) TO THE
U.S. AGENCY FOR INTERNATIONAL DEVELOPMENT (USAID) CONCERNING
TECHNICAL ASSISTANCE TO INDIA UNDER THE FINANCIAL INSTITUTIONS
REFORMS AND EXPANSION PROJECT, PHASE II**

PASA NUMBER 386-P-00-01-00087-00

PROJECT NUMBER 386-0531

FOR THE QUARTER ENDED JUNE 30, 2005

The SEC provides technical assistance to India pursuant to a Participating Agency Service Agreement (PASA) with USAID dated May 4, 2001. This report describes the SEC's activities under the PASA for the quarter ending June 30, 2005.

ACTIVITIES DURING THE QUARTER

As a result of the report on SEBI's Enforcement Program by James Clarkson and Paul Gonson,¹ the SEC and SEBI officials met during the quarter to discuss their findings, recommendations and how the SEC may provide technical assistance and training to help the SEBI implement some of those recommendations. In addition, the staffs of the SEC and the SEBI continued development of a draft work plan for the SEC to provide future technical assistance over the next eighteen months in the areas of enforcement, inspection and examination, issuer disclosure and regulatory oversight on the market and market intermediaries.

In April, the SEBI Chairman met with SEC Chairman Donaldson and a number of other SEC officials to discuss the Report, its recommendations and how the SEC can provide future training and technical assistance to the SEBI. The SEBI Chairman also met with James Clarkson and Paul Gonson to discuss the Report and their recommendations.

At the end of May, SEBI Whole Time Member, G. Anantharanman, and SEBI Chief of Staff, R. Ravichandran, met with SEC staff including James Clarkson and Paul Gonson, to discuss further training and technical assistance in the areas of judicial training for SEBI board SAT members, enforcement, inspections and examinations, issuer disclosure and regulatory oversight of the market and market intermediaries.

REIMBURSABLE SEC STAFF TIME AND EXPENSES

The following SEC staff member rendered reimbursable assistance during the quarter:

James Clarkson, Office of Enforcement	23 hrs.
Ester Saverson, Office of International Affairs	35 hrs.

¹ At the request of USAID and the Securities and Exchange Board of India (SEBI), James Clarkson, SEC Director of Regional Office Operations in its Division of Enforcement and Paul Gonson, former solicitor for the SEC, conducted an on-site assessment of the SEBI's enforcement program in March 2005. The team produced a report that included recommended changes to the SEBI's enforcement program. Copies of the report have been delivered, respectively, to USAID and the SEBI.

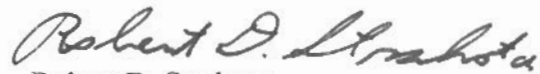
Total

58 hrs.

Based upon the composite hourly rate of \$95.14 per hour, as established under the PASA, the SEC's reimbursable staff time charges incurred during the quarter were \$5518. Overseas travel expenditures previously obligated were \$5694. Overall G&A expenditures for the quarter were \$1682. Accordingly, the SEC will submit a claim for reimbursement of \$12,894 under the PASA (See the attached financial report for additional details).

July 1, 2005

Respectfully submitted,



Robert D. Strahota
Assistant Director
Office of International Affairs

Financial Report